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Leonardo Olivares, JD MPA, City Manager  
Elizabeth Walker, MPPM, Secretary/Treasurer  
David Mendez, JD, Special Counsel

## Press Release

**Release on:**

Immediately  
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### **Knapp Medical Center Remains Non-Profit – For Now**

Weslaco, TX – Attorney's for Knapp Medical Center (KMC) have confirmed that South Texas Health Systems (STHS) has exercised its option not to purchase KMC and that the contract with KMC has expired.

Marcos Hernandez, Weslaco Hospital Authority President, said "We are pleased that Knapp will stay true to its mission as a non-profit hospital for the Mid-Valley. This is about access to health care for all our people. A nonprofit's mission is very different than a for-profit – plain and simple."

However, KMC has not dropped its suit to have a restrictive covenant altered in the event the hospital chooses to convert to for-profit in the future. The Weslaco Hospital Authority will continue to defend its position in this litigation. Additionally, the Weslaco Hospital Authority continues with its request to the Texas Attorney General to investigate continuing inefficient use of non-profit dollars – which is prohibited by the restrictive covenant.

Rather than permit the Weslaco Hospital Authority to review changed conditions in the face of managed care in the Rio Grande Valley, national health care reforms and other issues, Knapp opted to sue to have a court summarily remove the restrictive covenants.

The Restrictive covenants added in 1987 to a deed prepared by City Attorney Ramón Vela, transferring title to Knapp required that the hospital and the Hospital Authority to approve any fundamental changes to hospital ownership and operations. The covenants also required approval of changes by the Texas Attorney General.

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